

Message Text

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47

ACTION EB-06

INFO OCT-01 AF-04 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 INR-05 NSAE-00 RSC-01 FAA-00 SS-15 NSC-05 L-01

TRSE-00 AID-05 OMB-01 FRB-01 XMB-02 ARA-06 EA-06

EUR-08 NEA-06 IO-04 /079 W

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FM AMEMBASSY ABIDJAN

TO SECSTATE WASHDC 694

LIMITED OFFICIAL USE ABIDJAN 8598

EO: 11652: N/A

TAGS: EAIR, IV

SUBJ: CIVAIR-FOREIGN GOVERNMENT SUBSIDIES TO FOREIGN AIRLINES

REF: STATE 204676, 162608, 79306

1. AIR AFRIQUE FINANCIAL DATA NOT PUBLIC INFORMATION THUS MAKING EXAMINATION FOR POTENTIAL TAX BENEFITS VERY DIFFICULT. BECAUSE AIR AFRIQUE OWNED BY SEVERAL COUNTRIES AT 6 PERCENT EACH, IT IS IMPOSSIBLE TO TELL IF LANDING FEES, FISCALITY AND OTHER AREAS FOR DISCRIMINATION ARE CONSISTENT IN ALL CAPITALS. FIR ABIDJAN, IT DOES NOT SEEM EVIDENT THAT AIR AFRIQUE BENEFITS FROM LOWER LANDING FEES OR TAX ADVANTAGES. THE AVJET SUPPLIERS CANNOT IDENTIFY ANY CLEAR TAX BREAKS FOR AIR AFRIQUE; HOWEVER THIS COULD BE ACCOMPLISHED BETWEEN THE TAX AUTHORITY AND THE CARRIER.

2. AIR AFRIQUE OCCASIONALLY WORKS OUT CHARTER ARRANGEMENTS WITH STATE ORGANIZATIONS, OFFERING VERY ATTRACTIVE PRICES FOR PACKAGE TOURS INCLUDING LODGING, MEALS AND TOURIST SIDE TRIPS. IT IS IMPOSSIBLE TO SORT OUT THE AIR FAREPORTION, BUT THE GOVERNMENT PARICIPATION IN THE OTHER ASPECTS OF THE PACKAGE HAS THE SAME SUBSIDIZATION EFFECT ON THE CARRIER.

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3. AIR AFRIQUE BENEFITS FROM EXIM RATES. EXIM LOANS FOR ALL AIR AFRIQUE PURCHASES ARE GUARANTEED BY THE GOVERNMENT WHO HAS ONLY A 6 PERCENT INTEREST IN THE COMPANY.

4. AIR AFRIQUE CARRIES ALL MAIL FROM THE IVORY COAST TO NEW YORK. PAN AMERICAN WOULD BE PAID THE SAME RATE WERE IT TO CARRY ANY MAIL BUT EVEN WHEN THE MAIL IS PHYSICALLY ON A PAN AM AIRCRAFT, THE SHIPMENT IS MADE WITHIN THE AIR AFRIQUE BLOCKED SPACE ARRANGEMENT. PAN AM SEEKING CLARIFICATION OF THIS DECISION. SMITH

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